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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program.

Rulemaking 15-02-020

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON
STAFF PROPOSAL FOR IMPLEMENTING ASSEMBLY BILL 1923
PROVISIONS RELATED TO INTERCONNECTION RULES FOR THE
BIOENERGY FEED-IN TARIFF UNDER THE CALIFORNIA RENEWABLES
PORTFOLIO STANDARD**

This ruling seeks comments from parties on a staff proposal to modify California's Bioenergy Market Adjusting Tariff (BioMAT) program in accordance with Assembly Bill (AB) 1923 (Wood), Stats. 2016, ch. 663, which amends Pub. Util. Code Section 399.20(b).¹

Background

AB 1969 (Yee), Stats. 2006, ch. 731, added § 399.20 to the Public Utilities Code, creating a Feed-in Tariff (FIT) program within the procurement programs of the renewables portfolio standard (RPS) program.² In Decisions (D.) 12-05-035 and D.13-05-034, the Commission implemented the Renewable Market Adjusting Tariff (ReMAT) program, a comprehensive FIT program to provide market-based prices for small renewable generators to sell power to investor-owned utilities (IOUs) under standard terms and conditions.

¹ Unless otherwise noted, all further references to code sections are to the Public Utilities Code.

² The RPS is codified at §§ 399.11 – 399.32. This discussion of background omits some history that is not directly relevant to the issues in this ruling.

Senate Bill (SB) 1122 (Rubio), Stats. 2012, ch. 612, required IOUs to procure an additional 250 megawatts (MW) of renewable FIT procurement from small-scale bioenergy projects that commence operation on or after June 1, 2013. In D.14-12-081 and D.15-09-004, the Commission established a bioenergy FIT program, known as the Bioenergy Market Adjusting Tariff (BioMAT). The BioMAT program began offering contracts in February 2016. In D.16-10-025, the Commission implemented several changes to the BioMAT program for generation facilities using forest biomass as fuel (Category 3)³ in response to the tree mortality emergency identified in the Governor's October 30, 2015 Proclamation of a State of Emergency and SB 840, Stats. 2016, ch. 341.

In D.17-08-021, the Commission implemented changes to the capacity limits for generation facilities in the BioMAT program in accordance with amendments made to Section 399.20(f) by AB 1923.

1. Staff Proposal on Implementing AB 1923 Changes to Section 399.20(b)

Amendments made by AB 1923

The staff proposal addresses the amendment to 399.20(b), which modifies interconnection requirements for the BioMAT program.

Before it was amended by AB 1923, Section 399.20(b) required all eligible electric generation facilities to meet four criteria. The third criterion (Section 399.20(b)(3)) was:

Is strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers.

³ A Category 3 facility uses sustainably harvested forest biomass fuel (D.14-12-081, at 83-85) and/or high hazard zone fuel (as modified by D. 16-10-025 at 10).

AB 1923 modified 399.20(b)(3) by requiring that an eligible facility:

(A) Except as provided in subparagraph (B), is strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers.

(B) For purposes of paragraph (2) of subdivision (f), is strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers or that is interconnected to an existing transmission line.⁴

Proposed Changes to Implement New Section 399.20(b)(3)(B)

Staff proposes the following changes to the BioMAT program:

- A facility that interconnects to an existing transmission line that is in existence and part of the transmission system, instead of the distribution system, as of the date of the participant's Program Participation Request application for the facility may participate in BioMAT.
- For facilities connecting to an existing transmission line, the participant/developer is allowed the option to pursue the California Independent System Operator (CAISO) interconnection process for interconnecting the facility.
- Category 3 facilities may maintain their BioMAT queue position if they drop out of the CAISO queue and resubmit an interconnection application within 30 days of executing a BioMAT contract, similar to the current process for Category 3 facilities and the Rule 21 queue adopted in D.16-10-025.
- The BioMAT program deposit amount for facilities that drop out of the CAISO interconnection process but remain in the BioMAT queue should be the cost of the CAISO

⁴ Paragraph (2) of subdivision (f) is the part of Section 399.20 that created the BioMAT program.

Cluster Process System Impact Study (SIS), *i.e.*

Deposit = \$50,000 + (\$1,000 * MW of facility capacity).

No other BioMAT program changes are proposed.

2. Comments

Comments should address the staff proposal and each question presented. It is not necessary to reproduce the question, but responses should be numbered to match the questions addressed, or otherwise clearly identify the issue being discussed.

Comments should be as specific and precise as possible. Legal arguments should be supported with specific citations. Where appropriate and useful, quantitative examples should be provided.

Comments should be complete in themselves and should not incorporate by reference any other material, including confidential information. Other materials necessary to the response should be attached, or, if the materials are available on a web site, the link to the materials should be given.

Parties may identify and comment on issues that are not addressed in the staff proposal or the questions below. Commenters doing so should clearly identify and explain the relevance of the additional issue(s).

Comments of not more than 20 pages may be filed and served not later than October 24, 2017. Reply comments of not more than 10 pages may be filed and served not later than October 31, 2017.

Questions for Comment

1. AB 1923 modified 399.20(b)(3) by, among other things, adding or that is interconnected to an existing transmission line. Staff proposes that a facility that interconnects to an existing transmission line will be eligible for the BioMAT program if the facility meets all other BioMAT eligibility criteria. "Existing transmission line" should be defined as

- a transmission line that is in existence as part of the transmission system, instead of the distribution system, as of the submittal date of the BioMAT participant's BioMAT Program Participation Request application for the facility.
- a. Should other definitions for "existing" other than "existing as of the Program Participation Request application submittal date" be considered? Explain why or why not.
 - b. Are any other conditions required to characterize "transmission line" for purposes of implementing new Section 399.20(b)(3)?
 - c. When D.14-12-081 adopted the BioMAT program, the Commission carried forward, with slight modifications, the statutory requirement of "strategically located and interconnected to the electrical transmission and distribution grid in a manner that optimizes the deliverability of electricity generated at the facility to load centers" as it had been applied in the ReMAT program. Does the current "strategically located" requirement apply to facilities that interconnect to an existing transmission line pursuant to AB 1923? Explain why or why not. If the current requirement applies to interconnection with existing transmission, should it be modified to implement AB 1923? Explain why or why not. If the provision should be modified, provide proposed language to make the modification.
2. Staff proposes that BioMAT facilities should be able to interconnect via an existing transmission line, instead of a distribution line. As part of that process, a facility may choose to follow the CAISO interconnection process.⁵ Additionally, D.16-10-025 recently implemented SB 840, Stats. 2016, ch. 341, which enacted Section 399.20(f)(4).⁶ To

⁵ CAISO Generator Interconnection website:

<http://www.caiso.com/planning/Pages/GeneratorInterconnection/Default.aspx>

⁶ Section 399.20(f)(4) provides:

harmonize AB 1923 and current Section 399.20(f)(4), staff proposes that Category 3 facilities should be allowed to drop out of the CAISO queue, but maintain their place in the BioMAT queue, and then resubmit an interconnection application within 30 days of executing a BioMAT contract, similar to current BioMAT Category 3 facilities that interconnect to the distribution system.

Staff also proposes that for those facilities interconnecting through the CAISO process, the BioMAT program deposit amount for facilities that drop out of the CAISO interconnection process should be the cost of the CAISO Cluster Process System Impact Study (SIS), *i.e.* Deposit = \$50,000 + (\$1,000 * MW of facility capacity).

(4) (A) A project identified in clause (iii) of subparagraph (A) of paragraph (2) is eligible, in regards to interconnection, for the tariff established to implement paragraph (2) or to participate in any program or auction established to implement paragraph (2), if it meets at least one of the following requirements:

(i) The project is already interconnected.

(ii) The project has been found to be eligible for interconnection pursuant to the fast track process under the relevant tariff.

(iii) A system impact study or other interconnection study has been completed for the project under the relevant tariff, and there was no determination in the study that, with the identified interconnection upgrades, if any, a condition specified in paragraph (2), (3), or (4) of subdivision (n) would exist. Such a project is not required to have a pending, active interconnection application to be eligible.

(B) For a project meeting the eligibility requirements pursuant to clause (iii) of subparagraph (A) of this paragraph, both of the following apply:

(i) The project is hereby deemed to be able to interconnect within the required time limits for the purpose of determining eligibility for the tariff.

(ii) The project shall submit a new application for interconnection within 30 days of execution of a standard contract pursuant to the tariff if it does not have a pending, active interconnection application or a completed interconnection. For those projects, the time to achieve commercial operation shall begin to run from the date when the new system impact study or other interconnection study is completed rather than from the date of execution of the standard contract.

- a. Do you agree that Category 3 facilities interconnecting to an existing transmission line should be allowed to drop out of the CAISO queue but remain in the BioMAT program queue? Explain why or why not.
- b. If you agree that Category 3 facilities interconnecting to existing transmission lines should be allowed to drop out of the CAISO queue and remain in the BioMAT program queue, do you agree that the deposit amount for such facilities that drop out of the CAISO queue should be the cost of the CAISO Cluster Process System Impact Study (SIS), *i.e.* $\text{Deposit} = \$50,000 + (\$1,000 * \text{MWs of facility capacity})$. Explain why. If you disagree with the proposed deposit amount, provide an alternative deposit formula. Provide reasoning and quantitative examples for your proposal.
3. Are there any other modifications to the BioMAT program, tariff, standard contract, or ancillary documents that are needed (not just desirable) to implement Section 399.20(b)(3)(B)? Explain what they are and why they are needed.
4. Identify those portions of the tariff and standard contract that would require revision under your proposals. Provide proposed language for each revision.

IT IS RULED that:

1. Comments of not more than 20 pages may be filed and served not later than October 24, 2017, in accordance with the instructions in this ruling.

Proposed language for revisions to the tariff and standard contract may be provided in an appendix that does not count toward the comment page limit.

2. Reply comments of not more than 10 pages may be filed and served not later than October 31, 2017.

Dated October 4, 2017, at San Francisco, California.

/s/ ANNE E. SIMON
Anne E. Simon
Acting Chief Administrative
Law Judge